
No. 1:16-cv-08423

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

IN RE: CAESARS ENTERTAINMENT OPERATING COMPANY, INC., ET AL.,
Debtors.

CAESARS ENTERTAINMENT OPERATING COMPANY, INC., ET AL.,
Plaintiffs-Appellants

v.

BOKF, N.A., WILMINGTON SAVINGS FUND SOCIETY, FSB,
RELATIVE VALUE-LONG/SHORT DEBT PORTFOLIO, A SERIES OF UNDERLYING FUNDS TRUST,
TRILOGY PORTFOLIO COMPANY, LLC, AND FREDRICK BARTON DANNER,
Defendants-Appellees.

On Appeal from the United States Bankruptcy Court for the
Northern District of Illinois (Goldgar, J.)
Chapter 11 Case No. 15-01145
Adversary Case No. 15-00149

**THE AD HOC COMMITTEE OF FIRST LIEN BANK LENDERS' STATEMENT IN
SUPPORT OF THE DEBTORS' EMERGENCY MOTION FOR ADMINISTRATIVE RELIEF**

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The ad hoc committee (the “Ad Hoc Bank Lender Committee”) of beneficial holders, or the investment advisors or managers for certain beneficial holders, of first lien bank debt issued by the Debtors (the “Bank Lenders”), by and through its undersigned counsel, hereby respectfully submits this statement in support of the *Debtors’ Emergency Motion for Administrative Relief*, which seeks an order temporarily extending the existing injunction staying certain third-party guaranty actions (which expires on August 29, 2016) until such time as the Debtors’ motion for stay pending appeal can be addressed.

The creditors of the Debtors’ estates, including the members of the Ad Hoc Bank Lender Committee (who collectively hold more than a majority of the \$5.4 billion in principal amount of outstanding bank debt), are the parties directly harmed by the bankruptcy court’s decision not to extend the injunction of the guaranty lawsuits. The Court of Appeals for the Seventh Circuit, in its earlier decision reversing the bankruptcy court’s denial of the Debtors’ initial request for an injunction, recognized creditors’ primary interests and the necessity of staying the guaranty actions:

CEOC seeks on behalf of the creditors to recover from CEC assets that CEC caused to be fraudulently transferred to it from CEOC, and to use the recovered assets to pay the creditors. The less capital CEC has for CEOC to recapture through prosecution or settlement of its fraudulent-transfer claims, the less money its creditors will receive in the bankruptcy proceeding. Those creditors, and CEOC as their debtor, thus have a direct and substantial interest in the litigation between CEC and the firms to which it has guaranties. That interest would be furthered by a temporary injunction staying the lenders’ lawsuits against CEC.

In re Caesars Entm’t Operating Co., Inc., 808 F.3d 1186, 1188-89 (7th Cir. 2015).

In total, more than 77% of the Debtors’ creditors, including the members of the Ad Hoc Bank Lender Committee, have entered into agreements to support the Debtors’ proposed plan of reorganization (the “Plan”). See Declaration of Brendan Hayes in Support of Debtors’

Emergency Motions (“Hayes Dec.”) at ¶ 2 (stating that Debtors have reached agreements to support the Plan with \$14 billion of their \$18 billion capital structure). Significantly, many of those agreements – including the Debtors’ and CEC’s restructuring support agreement with the Ad Hoc Bank Lender Committee – provide that CEC, CEOC’s parent and the entity that is to fund creditors’ recoveries under the Plan, may terminate its obligation to fund such creditors’ recoveries if the guaranty actions are not enjoined. The emergency nature of the Debtors’ motion for an administrative stay, and ultimately a stay pending appeal, is therefore patent.

The bankruptcy court’s denial of the Debtors’ request to extend the injunction of the guaranty lawsuits puts the entire Plan process at immediate risk – and similarly jeopardizes the numerous and heavily negotiated creditor settlements reached by the Debtors and CEC – because CEC is not capable of both satisfying judgments in the guaranty lawsuits and financing the Plan. Over \$7 billion in judgments could be entered against CEC as soon as August 30, 2016. *See Hayes Dec.* at ¶ 2. There is no doubt, were that to occur, that CEC would file for bankruptcy, the Debtors’ Plan would be abandoned because its funding would no longer exist, and all the progress made by the Debtors to date to conclude their bankruptcy cases and satisfy creditors’ claims would be lost. *Id.*

The Ad Hoc Bank Lender Committee therefore respectfully urges the Court to grant the *Debtors’ Emergency Motion for Administrative Relief*.

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Dated: August 28, 2016
Chicago, Illinois

Respectfully submitted,

/s/ Peter J. Roberts

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CERTIFICATE OF SERVICE

I hereby certify that on the 29th day of August, 2016, a true and correct copy of the foregoing document was filed using the Court's the CM/ECF system, which sent notice of electronic filing to all CM/ECF participants, and that service via email was made on August 28, 2016 to the following counsel:

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